

## FINANCE COMMITTEE MINUTES

April 19, 2004

The Finance Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on April 19, 2004 at 3:02 p.m.

### COMMITTEE PRESENT

Kyle Jones, Chairman  
Rex Griswold  
Dennis Kavanaugh

### COUNCIL PRESENT

None

### OFFICERS PRESENT

Debbie Spinner  
Debra Dollar  
Paul Wenbert

Deputy City Manager Debra Dollar addressed the Committee and advised that staff was present to review proposed rate and fee changes.

1. Discuss and consider a new fee for CD-ROM's and standardize and clarify existing fees related to public records requests.

City Attorney Debbie Spinner outlined the proposed fee changes related to public records:

- Computer-generated pages would be priced at 20 cents per page.
- CD-ROM's would be priced at \$5 each, plus reasonable fees for reproduction and staff time.
- The fee for commercial requests for public records would reflect the cost of reproduction plus the amount of staff time spent to collect and produce or reproduce the information.

Ms. Spinner explained that the State Statutes differentiate between commercial and non-commercial public records requests. She advised that the Audit section would provide assistance to the department involved in order to determine a fair market value for the information provided to a commercial entity.

It was moved by Committeemember Kavanaugh, seconded by Committeemember Griswold, to recommend to the Council that staff's proposal relative to fees for public records requests be approved.

Carried unanimously.

2. Discuss and consider rate change recommendations for the City Court.

Financial Services Manager Bryan Raines stated that two fee adjustments were being recommended for the City Court:

- The User Fee is recommended to increase from \$20 to \$22.50.
- The Default Fee is recommended to increase from \$50 to \$70.

Mr. Raines explained that the most recent adjustment to the User Fee occurred in the year 2000, and that the User Fee is added to the fine, sanction, penalty or assessment to be paid by defendants on all cases except parking offenses.

In response to a question from Chairman Jones, Mr. Raines stated that "court enhancement" fees imposed by other jurisdictions (as shown in the comparison table on pages 2 and 3 of the Committee report) are returned to the court to fund operations. He noted that Mesa's revenue from fees is directed to the General Fund.

Discussion ensued relative to the fact that a portion of some of the fees are paid to the State, and that the State imposes an 80 percent surcharge on the User Fee.

Mr. Raines advised that the Default Fee was initiated in 1988; that no fee adjustment has been made since that date; that the fee is primarily assessed on civil traffic defendants who fail to appear in court and/or who do not pay their traffic fines; and that the fee could also be imposed on a defendant for failure to pay a fine related to criminal charges.

In response to questions from Committeemember Griswold, City Court Administrator Kathy Barrett advised that the current collection agency fee is 16 percent. She explained that when a case is referred to a collection agency, the agency fee of 16 percent is added to the total and the individual who owes the money bears the cost rather than the City.

It was moved by Committeemember Kavanaugh, seconded by Committeemember Griswold, to recommend to the Council that staff's proposal relative to rate changes for the City Court be approved.

Carried unanimously.

3. Discuss and consider rate change recommendations by the Financial Services Department for utility customers.

Assistant Financial Services Manager Jenny Sheppard provided information on proposed utility account rate adjustments associated with providing utility service. She clarified that the following changes relate to customer service/revenue collection operations rather than the utility rate structure:

- Replacement of broken/damaged items based on the cost of the item plus the expense to dispatch a field representative.
- Adjustment of service connection charges to include an administrative fee charge for a new account in addition to separate connection fees for electric, gas and water.

Ms. Sheppard added that the proposed rate adjustments listed in the Council materials are based on "cost of service," which includes the City's expense for vehicles, fuel, personnel field time and administration. She noted that the City would charge a convenience fee for "same day" or "after-hours" service in addition to the normal connection charges and fees.

Committeemember Griswold noted that Arizona Public Service (APS) charges \$75 for "same day" service, and that a homeowner's request for plumbing or electrical services during those timeframes would be very expensive.

In response to Committeemember Griswold's concern that the City's fee for "same day" service was insufficient to cover the cost, Ms. Sheppard advised that the normal connection fees apply in addition to the \$30 charge for "same day" service. She stated that the amount covers the cost of service without any additional profit. Ms. Sheppard also clarified that Mesa's proposal to charge an \$8 administrative fee plus \$16 for water connection is comparable to the \$25 fee charged by the City of Phoenix.

Committeemember Kavanaugh noted that the rates have not been changed in many years, and he stated the opinion that staff's recommendations were reasonable.

Committeemember Griswold also expressed support for the recommendations, but he requested that staff continue to monitor the City's costs in order to provide an update next year.

It was moved by Committeemember Kavanaugh, seconded by Committeemember Griswold, to recommend to the Council that staff's proposal relative to rate changes for utility customers be approved.

Carried unanimously.

4. Discuss and consider rate change recommendations by the Community Services Department for Arts and Cultural, Library, Centennial Center and Parks and Recreation services.

Community Services Manager Joe Holmwood stated that the Community Services Department was comprised of four divisions with over 460 fees and charges. He advised that changes to 85 fees are being proposed as a result of an annual review completed by each division director. Mr. Holmwood reported that pricing surveys and comparisons to other communities are often difficult because of the differences in programs and services offered. He added that Advisory Boards in place for certain divisions also review any recommended changes and adjustments to fees.

Mr. Holmwood provided a brief overview of adjustments for each Division.

Arts and Cultural Division:

- No fee adjustments are proposed for the Arizona Museum for Youth.
- Fee adjustments related to various classes for the Mesa Arts Center are listed in a range due to the variety of classes and offerings.
- Establish new fees at the Mesa Southwest Museum to recover costs incurred to produce materials that previously were provided at no charge to customers.

Library:

- Increase daily overdue fines for regular materials from ten cents to twenty cents and for audiovisual materials from ten cents to one dollar.
- Establish a \$20 “Out of County” fee to be paid by the County as a component of the Library District for Reciprocal Borrowing Program for residents of counties other than Maricopa who utilize libraries within the County. Staff clarified that the fee does not apply to winter visitors who are eligible to use the library; that verification of residence is obtained by asking the customer without requiring any form of identification; that the fee targets residents of Pinal County who use the Maricopa County Library system; and that the Maricopa County Library Director has provided written confirmation that this procedure follows their guidelines.

Mesa Centennial Center:

Mr. Holmwood reported that Centennial Center staff prepared a comparison of facilities in Tucson, Phoenix, Glendale and a few cities outside of the state. He advised that some fees are proposed to increase and others are proposed to decrease or to be removed. Mr. Holmwood also noted that one fee was lowered to be consistent with the rate charged by the nearby hotel.

In response to a question by Committeemember Griswold relative to the reproduction fees proposed for the Southwest Museum, Mr. Holmwood clarified that an individual’s request for a copy of an historical record or other material is accomplished by having an outside vendor reproduce the item. He advised that the proposed fees would allow the Museum to recoup the costs incurred for outside vendor production services.

Chairman Jones requested information on a new fee that is proposed for the rental of a gallery at the Mesa Centennial Center.

Convention and Community Center Director Rhett Evans explained that the “gallery” is the existing corridor or hallway. Mr. Evans noted that the area has experienced increased usage by exhibitors due to a lack of exhibit space, and therefore a rental fee for the space is being proposed. He also advised that the “Utility” fee was removed due to the fact that the audio visual (AV) patch fee was charged for similar services. Mr. Evans noted that certain events, such as scrapbook or rubber stamp shows, tend to generate a substantial amount of trash. He explained that the “Privileged User Fee” in the amount of \$300 for clean up services would be charged to the licensee of exhibit trade shows rather than charging each individual vendor.

Parks & Recreation:

Mr. Holmwood stated that the Parks and Recreation Division had the greatest number of fee adjustments, and that he would highlight several of the programs. He advised that a comparison attachment was not provided in the Committee report due to the size of the document, but he assured the Committee that staff does survey other cities to analyze the current market. Mr. Holmwood provided the following information:

- Proposed fee increases represent a recovery of increased costs.
- The majority of programs have a 25 percent cost recovery.
- The Adult Sports Program has a 100 percent cost recovery, as directed by the Council.

- The Parks & Recreation Advisory Board has reviewed the proposed fees.
- A range of fees is indicated for special interest classes in order to provide flexibility when new programs and activities become available during the year.

Committeemember Kavanaugh noted that the public often has an incorrect perception regarding fees charged for Parks & Recreation programs, and he requested that Mr. Holmwood comment on the assistance that is available for families in difficult financial circumstances.

Mr. Holmwood stated that the Parks and Recreation Division subscribes to the philosophy that no child will be prevented from participating in recreation programs due to an inability to pay. He advised that scholarship programs are available from the Parks and Arts Foundation, and that in certain circumstances the fees can be waived.

In response to a series of questions from Chairman Jones, Parks and Recreation Administrator Terri Palmberg provided the following information:

- The fees for off-duty police officers were listed as a matter of information only, and there was no intention to circumvent the Police Department.
- Off-duty police officers are typically requested for stadium activities or events in park settings that include liquor or overnight staging of vendor tents, exhibits and displays.
- The cap in ticket prices increased from \$1 to \$5 to cover the price range offered by vendors.
- The Adaptive Leisure Program was changed to a full-day program during the past year, and the swim component has been added as part of the fee.

It was moved by Committeemember Kavanaugh, seconded by Committeemember Griswold, to recommend to the Council that staff's proposal relative to rate changes for Arts and Cultural, Library, Centennial Center and Parks and Recreation services be approved.

Carried unanimously.

5. Discuss and consider rate change recommendations by the Neighborhood Services Department for tenant rents at Escobedo Apartments.

Housing Services Director Ruth Anne Norris stated that the first rent increase since the mid 90's is being recommended for the Escobedo Apartment Complex, and that the ultimate goal would be to arrive at a breakeven position. She advised that a ten percent increase is being proposed for the coming year, with future increases projected to be seven percent per year for the next two years in order to reach the breakeven point.

Committeemember Kavanaugh stated that the City's philosophy has been to preserve the complex and the availability of affordable housing programs. He noted that without additional revenues, the gap between subsidies and operations would widen as the buildings age and maintenance costs increase.

Ms. Norris stated that she was unaware of housing in the Valley that was more affordable than the Escobedo Apartment Complex. She advised that informational flyers were provided to each tenant, and that meetings were held to advise the tenants of the proposed increase. Ms. Norris noted that some tenants would struggle to pay the increased rent, but the majority of tenants understood that an increase was necessary.

In response to a question from Committeemember Griswold, Ms. Norris stated that only six of the tenants at Escobedo utilize Section 8 vouchers. She noted that many tenants are elderly individuals who are comfortable with the neighborhood and do not wish to move. Ms. Norris advised that the meeting with tenants coincided with the opening of the Section 8 waiting list, and that all tenants were encouraged to place their names on the list so that those who cannot afford the rent increase would have access to rent assistance.

It was moved by Committeemember Kavanaugh, seconded by Committeemember Griswold, to recommend to the Council that staff's proposal relative to rate changes for tenants at the Escobedo Apartments be approved.

Carried unanimously.

6. Discuss and consider rate change recommendations by the Development Services Department.

Assistant Development Services Manager Kari Kent provided the following information on proposed fee increases:

a. Real Estate Services

- Extinguishment of Easement fees for single-family residential would increase from \$300 to \$350, and non-residential fees would increase from \$300 to \$750.
- The "Vacate Right of Way" fee for single-family residential would increase from \$300 to \$350, plus the value of the land, and the non-residential would increase from \$300 to \$750, plus the value of the land.

Ms. Kent stated that last year the Finance Committee requested that staff establish a process for evaluating land values. She advised that staff would determine land values on a case-by-case basis utilizing staff estimates, comparative market analysis and, as necessary, appraisals, and that information on the procedure utilized would be provided to the Council.

Discussion ensued relative to the fact that in the case of a neighborhood effort to vacate an alley, the value of the land could be zero; that many citizens expressed concern relative to safety issues as a result of individuals loitering in residential alleys; and that the low fee enables residents to join together to vacate an alley.

Chairman Jones commented that the entire neighborhood would have to agree on the joint venture, and that one neighbor in opposition would prevent the process from occurring.

b. Planning and Building Safety

Ms. Kent stated that adjustments are being recommended for many of the service fees in addition to establishing a \$100 temporary fence permit fee to insure compliance with the Desert Uplands Standards. She advised that the recommendations are based on a comparison to the fees of other Valley cities and an analysis of the City's costs to provide the services. Ms. Kent noted that the additional funds generated would be directed to funding the position of a Planner that has been unfunded since 2002, and to funding the position of a Zoning Inspector to insure compliance with the Desert Uplands Standards. Ms. Kent added that if the Finance Committee recommends that these fees move forward,

the proposal would be presented to the Planning and Zoning Board and to the Development Advisory Forum for consideration.

Committeemember Griswold noted that a major concern to Desert Uplands area residents was the fencing and protection of undisturbed areas, and he stressed the importance of being able to enforce these standards.

c. Airport

Ms. Kent advised that staff recommends an adjustment of 2.1 percent to many of the airport fees, including the following increases:

- A \$1 to \$2 increase for open tiedowns as well as the storage rooms.
- A \$4 increase in regular T-hangar rates.
- A \$1 increase in large T-hangar rates.

Ms. Kent stated that the proposal would generate approximately \$22,500 in additional revenue that would be directed to deferring the cost of airport maintenance and operations. She noted that the rates were adjusted last year as well, but a waiting list still exists for the small T-Hangars. Ms. Kent added that information on the proposed increases has been shared with the airport stakeholders.

Discussion ensued relative to the fact that the waiting list for T-hangars is seven years; that citizens have expressed concern regarding the possibility that hangars could be utilized for storage of items other than aircraft; that staff inspects hangars when complaints are received; and that an inspection process is being prepared to treat all tenants equally.

d. Building Board of Appeals

Ms. Kent reported that the Building Safety Division is proposing to establish a fee in the amount of \$200 to recover the expense of staff time in the event a Code decision of the Building Official or the Fire Marshall is appealed to the Building Board of Appeals. She added that the Building Board of Appeals is supportive of the fee.

Discussion ensued relative to the fact that the fee would be imposed regardless of the decision of the Board of Appeals; that staff may recommend to the General Development Committee that some Boards, such as the Electric or Solar Energy Boards, be merged due to a lack of activity; that a consolidated Board of Appeals would be expanded from five members to nine and include different disciplines; and that no appeals have been forwarded to the Building Board of Appeals, which reflects staff's ability to negotiate and resolve issues.

e. Transportation

Ms. Kent stated that in November 2003 the Council approved the resumption of the speed hump program by requiring that the neighborhood requesting speed humps pay the cost of data collection and construction. She advised that the Transportation Division recommends establishing a \$125 fee per location for the traffic study conducted by staff, and that the cost of the speed humps vary from \$2,000 to \$6,500, depending on the size, quantity and width

of the street. Ms. Kent added that these fees would provide total cost recovery to the City. She also noted that fees were proposed for loaning City-owned traffic signal and streetlight equipment to contractors.

In response to questions from Chairman Jones relative to neighborhoods retaining a contractor to install speed humps, Traffic Engineer Alan Sanderson stated that to date the City has not considered offering that option. He noted that the contractors utilized by the City are experienced and produce a quality product, and that a speed hump installed by other contractors would incur additional costs for inspections to ensure that the proper specifications were met.

Discussion ensued relative to the fact that some neighborhoods requesting a speed hump recognize that the City is unable to fund the project; that residents may be acquainted with a contractor who is willing to construct a speed hump at a reduced cost; and that the contractor would be required to obtain a permit, meet the City's specifications and have the project approved by City Engineering Inspectors.

City Attorney Debbie Spinner stated that additional inspections would be required on the construction of a speed hump due to the fact that the City is responsible for providing reasonably safe roadways.

Committeemember Griswold noted that contractors are allowed to build streets and sidewalks that are subject to City inspections. He inquired as to the cost and the average length of a speed hump.

Mr. Sanderson advised that the majority of speed humps are 12 or 14 feet long, and that the cost to construct the average speed hump is \$2,600.

In response to Chairman Jones' question relative to the \$350 fee for an Extinguishment of Easement (see Agenda Item 6a), Ms. Kent advised that the fee addressed staff's costs associated with reviewing and processing the plan and preparing the report for Council.

Chairman Jones stated that many neighborhoods experience the problem of having waste materials placed in residential alleys in the middle of the night, and then the residents are responsible for the removal of these materials.

It was moved by Committeemember Kavanaugh, seconded by Committeemember Griswold, to recommend to the Council that staff's proposal relative to rate changes for the Development Services Department be approved.

Ms. Kent noted that an additional fee was proposed under Transportation to cover the cost of loaning traffic signal and streetlight equipment to contractors. She explained that loaning equipment often enables the contractor to complete a project at an earlier date, and that the fee is directed at covering the administrative cost involved in the process.

Chairman Jones called for the vote.

Carried unanimously.

Chairman Jones thanked staff for the presentations.

7. Adjournment.

Without objection, the Finance Committee Meeting adjourned at 4:04 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Finance Committee meeting of the City of Mesa, Arizona, held on the 19<sup>th</sup> day of April 2004. I further certify that the meeting was duly called and held and that a quorum was present.

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BARBARA JONES, CITY CLERK

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